

ISSUE DATE: September 10, 1997

DOCKET NO. G-008/GR-95-700

DOCKET NO. G-008/GR-93-1090

ORDER ADOPTING STIPULATION, APPROVING SETTLEMENT, AND DIRECTING
FILING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey
Joel Jacobs
Marshall Johnson
Gregory Scott
Don Storm

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Application of
Minnegasco, a Division of NorAm Energy
Corp., for Authority to Increase its Natural Gas
Rates for Natural Gas Service in Minnesota

ISSUE DATE: September 10, 1997

In the Matter of the Application of
Minnegasco, a Division of Arkla, Inc., for
Authority to Increase its Rates for Natural Gas
Service in the State of Minnesota

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PROCEDURAL HISTORY

On August 8, 1997, Minnegasco and the Minnesota Department of Public Service (the Department) filed a Joint Motion to Approve a Stipulation Resolving the 1993 and 1995 Rate Cases and Implementing Appellate Decisions.

The Commission met to consider this matter on August 26, 1997.

FINDINGS AND CONCLUSIONS

I. The Parties' Stipulation: Proposal to Resolve These Dockets

The parties' Stipulation undertakes to resolve all the outstanding issues in these matters consistent with the just and reasonable rates standard. In their Stipulation, the parties resubmitted the Settlement they had proposed in the 1995 rate case, with two additions: 1) Minnegasco would be allowed recovery of the costs of gas leaks, as directed by the Minnesota Court of Appeals in its Order dated July 29, 1997; and 2) the Company would recover the lost revenue associated with the imputation of good will, as directed by the Minnesota Supreme Court in its Order dated July 3, 1997. A copy of the Stipulation is attached.

II. Commission Analysis

Having reviewed this matter, the Commission concludes that the proposed Stipulation fairly and reasonably resolves the rate cases in question and provides an appropriate way to implement the

related appellate decisions, thereby resulting in just and reasonable rates. Final rates and interim refunds in the 1995 rate case have been stayed pending the outcome of the Company's appeal of the Commission's decision to disallow Minnegasco's recovery of gas leak check costs.¹ The parties' proposed resolution of these matters will allow Minnegasco to implement final rates in the 1995 rate case that will be lower than the interim rates currently being collected.

In adopting the parties' Stipulation, the Commission is, among other things, accepting the Offer of Partial Settlement (Settlement) between Minnegasco and the Department that the Commission had modified (with respect to the good will issue and a line extension issue that the parties had accepted) in its 1995 rate case Orders. The Commission does so based on its finding that the Settlement in question continues to be, with respect to each issue resolved therein, supported by substantial evidence and in the public interest, notwithstanding the adjustment due to the Court of Appeals' decision regarding the imputation of good will revenue to Minnegasco in the 1993 rate case and the further adjustment due to the Supreme Court's decision regarding the costs of gas leak checks.

Finally, the Commission's acceptance of the Stipulation is based on the further findings

- that the calculation of gas leak check costs in the 1995 rate case to be recovered by Minnegasco and the proposed manner of that recovery, as set forth in the Stipulation is appropriate; and
- that the amount and manner of recovery for lost revenues relating to the good will issue from the 1993 rate case is appropriate.

III. Commission Action

Based on its analysis, the Commission will

- accept and approve the parties' Stipulation as resolving the 1993 and 1995 rate cases and providing a reasonable way to implement the cited appellate decisions;
- approve the parties' previously proposed Settlement of the 1995 rate case, as previously modified by the Commission with respect to treatment of the line extension issue;
- allow Minnegasco to recover its gas leak check costs in the 1995 rate case in the amount set forth in the Stipulation; and

¹ See ORDER GRANTING REQUEST FOR STAY, issued April 3, 1995 in Docket No. G-008/GR-95-700.

- allow Minnegasco to recover the lost revenues relating to the good will issue from the 1993 rate case in the amount set forth in the Stipulation and approve recovery of such amount through a reduction in the 1995 rate case interim rate refunds.

ORDER

1. The parties' Stipulation (filed August 8, 1997) and Offer of Partial Settlement in the 1995 Rate case (as modified with respect to the line extension issue) is accepted and approved. A copy of the parties' Stipulation is attached.
2. The Commission's June 10, 1996 FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER and its December 4, 1996 ORDER AFTER RECONSIDERATION in Docket No. G-008/GR-95-700 remain in effect, except as modified by the stipulated adjustment to the revenue requirement and the interim rate refund.
3. Within 15 days of this Order, Minnegasco shall file with the Commission for its review and approval, and serve on all parties to this proceeding a tariff containing final rates (recovering, among other things, its gas leak check costs as calculated in the Stipulation and a plan for interim rates refunds (accounting for the lost revenues relating to the good will issue, as calculated in the Stipulation), consistent with the Stipulation and this Order.
4. Parties shall have 15 days to comment on the filings required in Ordering Paragraph 3.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

297-1200 (TTY), or 1-800-627-3529 (TTY relay service).